

DEPARTMENT OF FINANCIAL INSTITUTIONS
MINUTES OF MEETING
APRIL 14, 1994, 10:00 AM EST

The Members of the Department of Financial Institutions met at 10:00 a.m., EST, at 402 West Washington Street, Room W-066, Indianapolis, Indiana, on Thursday, April 14, 1994. Members present were Messrs. Mark Hasten, Chairman, presiding, W. Paul Wolf, Norman Lowery, Tony Zaleski, Daniel Leitch, and Ms. Dee Godme. Also present from the Department were J. Philip Goddard, Legal Counsel; James M. Cooper, Supervisor, Mergers and Acquisitions; Kirk J. Schreiber, Bank Analyst; Eric Roberts, Bank Analyst; Randall L. Rowe, Bank Supervisor; Mark K. Powell, Supervisor, Credit Unions; Robert E. Haler, Supervisor, Consumer Credit Division; Mark Tarpey, Division Coordinator, Consumer Credit Division; and Janice L. Davis, Administrative Assistant. Member R. Douglas Grant and Director Charles W. Phillips were absent.

I. PUBLIC SESSION

A.) Attendance

B.) Date of next meeting: May 19, 1994, at 10:00 a.m. EST.

C.) A motion was made for approval of the minutes of the meeting held March 10, 1994, by Mrs. Godme and was seconded by Mr. Zaleski. The minutes were unanimously approved.

DIVISION OF BANKS AND TRUST COMPANIES

1) **Mutual Building and Loan Association, Franklin, Johnson County, Indiana**
Mr. Kirk J. Schreiber, Bank Analyst, presented the application and advised the Members that Mutual Building and Loan Association (Mutual) applied to the Members of the Department of Financial Institutions for approval of a Plan of Mutual Bank Conversion. The relevant conversion law is IC 28-1-21.7. Upon approval and consummation of the proposed conversion, the name of the institution will be changed to Mutual Savings Bank. As of September 30, 1993, Mutual had total assets of \$53 million and total equity capital of \$3.7 million. The board adopted a resolution on February 10, 1994, which authorized the officers of the savings association to obtain all necessary regulatory approvals to convert. The applicant's three year average return on assets is 0.83%. As of December 31, 1993, the applicant tangible core and risk based capital ratios were 7.25%, 7.25%, and 14.09%, respectively. Management was found to be competent and qualified. The association maintains adequate capital and is profitable. The proposed mutual bank conversion will not jeopardize the interests of the depositors, creditors, or the public. Based upon those conclusions, the staff recommended that the plan of mutual bank conversion be approved. Mr. Hasten asked if the applicant had a recent CRA rating and was informed that the rating was satisfactory. Based upon the information presented by Mr. Kirk J. Schreiber, a motion for approval was made by Mr. Leitch and seconded by Mr. Wolf. The motion was unanimously passed.

2) **The Peoples Bank, Portland, Jay County, Indiana**
Mr. Eric D. Roberts, Senior Bank Analyst, presented the application to the Members. The Peoples Bank, (Peoples) and the Union Bank and Trust Company of Greensburg, applied to the Members of the Department of Financial Institutions for approval of a merger. As a result of the merger, the main office of Peoples will become a branch, and the former main office of Union located at 201 N. Broadway, Greensburg, Decatur County, Indiana, will become the main office of the surviving bank. The name of the resulting institution will be "Union Bank and Trust of Indiana,"

Greensburg, Indiana. Both banks are wholly owned subsidiaries of Indiana United Bancorp, Greensburg, Indiana.

Resolutions authorizing the proposed transaction were adopted by the boards of both Peoples and Union on February 9, 1994, and February 8, 1994, respectively. At the effective date of the merger, Union's corporate existence will cease and its 114,793 shares of common stock, authorized and outstanding, will be exchanged share for share with Union Bank and Trust Company's common stock. The resulting bank will have eight branches.

The resulting bank will have a capital ratio of 7.81%. The three year average return on assets for Peoples and Union are 0.85%, and 1.10%, respectively. Peoples received a satisfactory rating, and Union received an outstanding rating with respect to CRA at their most recent examinations. There is presently an application pending with the Federal Deposit Insurance Corporation (FDIC) and the Department has been notified that approval of this merger is anticipated. A motion for approval was made by Mr. Wolf and seconded by Mr. Lowery. The application was unanimously approved.

3) Peoples Bank, A Federal Savings Bank, Munster, Lake County, Indiana

This application was presented by Eric D. Roberts, Senior Bank Analyst.

Mr. Roberts explained to the Members that Peoples Bank, FSB has applied for approval of a plan of conversion to convert from a federal stock savings bank to a Indiana stock savings bank pursuant to the provisions of IC 28-1-21.8-11. The name of the institution will be changed to "Peoples Bank, SB". In addition to the conversion, a holding company to be known as "Northwest Indiana Bancorp" will be formed. As an Indiana stock savings bank, the bank will be regulated by the DFI and governed by the provisions of IC 28-6.1.

Northwest Indiana Bancorp is an Indiana corporation which was organized on January 31, 1994, by the bank. Pursuant to the conversion, each share of the bank's issued and outstanding stock, prior to the conversion, will be converted into one share of common stock of the holding company. Simultaneously, the bank will issue 1,000 shares of common stock, without par value, to the holding company without the payment of any cash consideration. As a result, the bank will become a wholly owned subsidiary of the holding company.

The staff recommended that the plan of conversion to convert from a federal stock savings bank to an Indiana stock savings bank and the formation of a bank holding company, be approved.

In the course of Mr. Robert's review, it was pointed out that the applicant presently is engaged in certain activity which may necessitate the application of the ten year transitional period which is found in IC 28-1-21.8-13. J. Philip Goddard, on behalf of the staff explained the origination and application of the ten year transitional rule. It was pointed out that counsel for the applicant requested the maximum transitional period as they were presently engaged in the sale of annuities. Mr. Leitch moved that the plan of conversion which includes the formation of the holding company to be known as Northwest Indiana Bancorp be approved. He further moved that in lieu of the request by the applicant to apply the maximum transitional period to the sale of annuities, that his motion include the application of the ten year transitional period to the sale of annuities because this activity is presently authorized for a federal savings association and it has not been determined if it is a permissible activity for an Indiana savings bank.

This motion was seconded by Mr. Lowery and was passed. Mr. Zaleski abstained from any discussion or vote on this item.

- 4) Veedersburg Bank Corporation, Veedersburg, Fountain County, Indiana
Mr. Eric D. Roberts, Senior Bank Analyst, presented the application to the Members. On March 24, 1994, the Department received an application for the change of control of Veedersburg Bank Corporation, pursuant to IC 28-1-2-23. Stephen A. Songer currently owns 19.20% of the outstanding stock of Veedersburg Bank Corporation (VBC). Mr. Songer acquired 504 additional shares of VBC common stock from Dorothy G. Songer through inheritance according to the reading of her will on October 27, 1992. As a result of the inheritance, Songer's control increased to 31.8% of the outstanding common stock of VBC. Stephen A. Songer is currently the Chairman of the Board and President of VBC, and the President of the Veedersburg State Bank. It is the staff's opinion that the applicant has satisfied that:
1) the individual is qualified by character and financial responsibility to control and operate the bank holding company in a legal and proper manner; and, 2) the interests of the stockholders, depositors, and creditors of the bank holding company and the interests of the public generally, will not be jeopardized by the proposed change in control. A motion for approval was made by Mr. Lowery and seconded by Mr. Zaleski. The motion was unanimously passed.

DIVISION OF CONSUMER CREDIT

- 1) Jim Moran & Associates, Inc., requested that the Department make a determination as to the benefit to debtors of a debt cancellation charge and the reasonableness of that charge in relation to the benefits under IC 24-4.5-2-202(1)(c). Mr. Mark Tarpey, Division Coordinator, presented the application to the Members. Jim Moran & Associates requested approval as one dealer for the official plan. All future dealers who wish to offer this product will be given a letter to complete which outlines the maximum fee and any other limitations. This form letter is then sent to the Department for each dealer who wishes to offer the program. This is to comply with the requirements of the statute that each seller must get the Department's approval. The dealer for Jim Moran & Associates is TranX Auto Sales. Jim Moran & Associates is requesting approval for a basic plan in the amount of \$380. The Gap-plus plan, which includes the customers \$500 deductible, would be in the amount of \$420. The proposal by Jim Moran & Associates does have a period of time in which the customer may cancel and receive a full refund which is credited to the customers account with the financial institution. Jim Moran & Associates has a blanket insurance policy with United Federal Casualty Insurance, Inc. The purpose of the insurance is to cover any loss rather than just the dealers promise and debt cancellation agreement. There were several inquiries made as to the charge that would be made under this plan and Mr. Leitch requested that the Department staff outline standards as to what constitutes a "reasonable" charge that the Members are required to make under the wording of this statute. A motion for approval was made by Mr. Lowery and seconded by Mr. Leitch. The application was approved. Mrs. Dee Godme voted no.

DIRECTOR'S COMMENTS AND REQUESTS

- 1) STAR FINANCIAL BANK, MARION, GRANT COUNTY, INDIANA

On February 21, 1994, the bank notified the Department of its intent to form a subsidiary to be known as "STAR Financial Mortgage Company, Inc." It will be located in Marion, Grant County, Indiana. The purpose of the subsidiary is to service portfolio loans for the affiliate banks and for the secondary market. This item is intended for informational purposes only.

- 2) Mr. James M Cooper, Supervisor, Mergers & Acquisitions, reviewed various policies which have been adopted by the Members in years past, and gave a brief explanation of why each of the various policies should now be revoked and rescinded. A motion for approval was made by Mr. Wolf and seconded by Mrs. Godme. The following policies were repealed:
 - A) Policy regarding trading accounts dated December 18, 1987.
 - B) Policy statement regarding use of trading accounts dated September 24, 1987.
 - C) Policy regarding diversion of bank income dated December 18, 1987.
 - D) Policy regarding the purchase of mortgaged-backed securities and interest-only strips dated July 27, 1989.
 - E) Policy regarding reserve premium accounts dated June 23, 1988.
 - F) Policy setting the exact number of Members of the Board of Directors dated September 27, 1987.
- 3) Mr. James M Cooper, Supervisor, Mergers and Acquisitions, presented a policy which the staff of the Department is proposing for adoption. This policy would adopt the Federal Financial Institution Examination Council (FFIEC) supervisory policy statement on the selection of securities dealers and unsuitable investment practices and any future amendments. The policy was adopted by the FFIEC on December 3, 1991, and it is the staff's desire to make this policy the policy of the Department. A motion for approval was made by Mr. Leitch and seconded by Mr. Zaleski. The policy was unanimously adopted.
- 4) J. Philip Goddard, Deputy Director, announced that the Department's Annual Examiner Seminar will be held in Columbus, Indiana on August 31 through September 2, 1994. He advised the members that if they would like to attend to contact Janice Davis so that arrangements can be made.
- 5) The Members were advised of actions taken pursuant to delegated authority which were as follows:

DIVISION OF BANKS AND TRUST COMPANIES

- 1) IRWIN UNION BANK AND TRUST COMPANY, COLUMBUS, BARTHOLOMEW COUNTY, INDIANA
The bank has applied to the Department for permission to establish a branch banking office to be located at 709 East Road 44, Shelbyville, Shelby County, Indiana. This will be the applicant's thirteenth branch. The request was approved by the Director under Delegated Authority on March 23, 1994.
- 2) FIRST OF AMERICA BANK-INDIANA, INDIANAPOLIS, MARION COUNTY, INDIANA
The bank has applied to the Department for permission to establish a branch banking office to be known as "Cub Foods-South Keystone Office" and will be located at 3639 South Keystone Avenue, Indianapolis, Marion County, Indiana. This will be the applicant's forty-first branch. The request was approved by the Director under Delegated Authority on March 23, 1994.
- 3) FIRST OF AMERICA BANK-INDIANA, INDIANAPOLIS, MARION COUNTY, INDIANA
The bank has applied to the Department for permission to establish a branch banking office to be known as "Cub Foods-86th Street Office" and will be located at 8401 North Michigan Road, Indianapolis, Marion County, Indiana. This will be the applicant's forty-second branch. The request was approved by the Director under Delegated Authority on March 23, 1994.
- 4) FIRST OF AMERICA BANK-INDIANA, INDIANAPOLIS, MARION COUNTY, INDIANA
The bank has applied to the Department for permission to establish a branch banking office to be known as "Cub Foods-East Washington Office"

and will be located at 5975 East Washington Street, Indianapolis, Marion County, Indiana. This will be the applicant's forty-third branch. The request was approved by the Director under Delegated Authority on March 23, 1994.

- 5) GAB BANCORP, JASPER, DUBOIS COUNTY, INDIANA
An application has been filed for permission to establish an interim bank to be known as Otwell Merger Bank. Otwell will be a wholly-owned subsidiary of GAB Bancorp. The interim bank will be located at Highway 257 South, Otwell, Pike County, Indiana. The interim bank will never be operational and is to facilitate the pending acquisition between GAB Bancorp and the Otwell State Bank, Otwell, Pike County, Indiana. As a result of the acquisition, GAB Bancorp will acquire 100% of the issued and outstanding shares of stock of the Otwell State Bank. The request was approved by the Director under Delegated Authority on March 29, 1994.
- 6) GAB BANCORP, JASPER, DUBOIS COUNTY, INDIANA
An application has been filed for permission to merge Otwell Merger Bank with and into Otwell State Bank, with Otwell being the surviving entity. Otwell Merger Bank is a wholly-owned subsidiary of GAB Bancorp. The interim bank is being utilized to facilitate the pending acquisition between GAB Bancorp and The Otwell State Bank, Otwell, Pike County, Indiana. As a result of the merger, GAB Bancorp will acquire 100% of the issued and outstanding shares of stock of the Otwell State Bank.
- 7) FIRST OF AMERICA BANK-INDIANA, INDIANAPOLIS, MARION COUNTY, INDIANA
The bank has submitted an amendment to its Articles of Incorporation to amend ARTICLE IX, Directors, Section 1. The amendment states that the Board of Directors shall be composed of at least five but not more than twenty-five members. The exact number to serve at any time shall be determined, from time to time, in such manner as the By-Laws may prescribe. The request was approved by the Director under Delegated Authority on April 11, 1994.
- 8) SALIN BANK, CAMDEN CARROLL COUNTY, INDIANA
The bank submitted an application for permission to establish a branch banking office to be known as "Super Money Market". The branch banking office will be located at 537 South Reed Street, Kokomo, Howard County, Indiana. This will be the applicant's eighth branch. The request was approved by the Director under Delegated Authority on April 11, 1994.

DIVISION OF CREDIT UNIONS

- 1) TEACHERS CREDIT UNION, SOUTH BEND, ST. JOSEPH COUNTY, INDIANA
Request for approval of a Petition for Approval of Proposed Amendment To the Articles of Incorporation. This amendment would place the following organizations into the field of membership of the credit union:

Dial One Interiors by Feld's - Greencastle - 14 members
Allstate Insurance Co. - Indianapolis - 1,100 members
Ampro Electrical Service, Inc. - Fort Wayne - 10 members
New Providence Baptist Church - Greencastle - 300 members
International Union of Bricklayers & Allied Craftsmen District Council/
Administrative Unit of Indiana Local #3 - Indianapolis - 650 members
Area Library Services Authority, Region 2 - Mishawaka - 7 members
Speech Dynamics, Inc. - Chesterton - 8 members
Preferred Collision Repair, Inc. - South Bend - 3 members
Skyline Corporation - Elkhart - 800 members
G.M. Construction, Inc. - Carmel - 38 members
Kuumba Horizons Child Development Center, Inc. - Indianapolis - 10 members
The Olive Bethel Church of God - Akron - 15 members
J&R Investments - Elkhart - 2 members
Merit Steel Company, Inc. - Kouts - 65 members
Larry's Quick Mart - Walkerton - 11 members

Meyer Material Handling Products, Inc. - Indianapolis - 12 members
Executive Dental, Inc. - Indianapolis - 5 members
RAMCO Industries, Inc. - Elkhart - 100 members
Northern Indiana Packaging Company, Inc. - Huntington - 62 members

The request was approved by the Director under Delegated Authority on March 4, 1994.

- 2) HOOSIER FARM BUREAU CREDIT UNION, INDIANAPOLIS, MARION COUNTY, INDIANA
Request for approval of a Petition for Approval of Proposed Amendment To the Articles of Incorporation. This amendment would place the following organizations into the field of membership of the credit union:

Daniels Associates, Inc. - Indianapolis - 43 members
Cranfill & Co. - Indianapolis - 14 members
Healthsource, Inc. - Indianapolis - 130 members

The request was approved by the Director under Delegated Authority on March 11, 1994.

- 3) JET CREDIT UNION, INDIANAPOLIS, MARION COUNTY, INDIANA
Request for approval of a Petition for Approval of Proposed Amendment To the Articles of Incorporation. This amendment would place the following organizations into the field of membership of the credit union:

D Brook & Company - Carmel - 13 members
Perfect Ten, Inc. - Carmel - 10 members
Transportation Club of America, Inc. - Indianapolis - 130 members
United Brokers Insurance - New Albany - 17 members
American Freedom Carriers, Inc. - New Albany - 100 members
Innovation Marketing, Inc. - Indianapolis - 30 members

The request was approved by the Director under Delegated Authority on March 14, 1994.

- 4) PERFECT CIRCLE CREDIT UNION, HAGERSTOWN, WAYNE COUNTY, INDIANA
Request for approval of a Petition for Approval of Proposed Amendment To the Articles of Incorporation. This amendment would place the following organizations into the field of membership of the credit union:

Tom Raper, Inc. - Richmond - 100 members
Tom Raper Homes, Inc. - Richmond - 85 members

The request was approved by the Director under Delegated Authority on March 22, 1994.

DIVISION OF CONSUMER CREDIT

- 1) Request for a Consumer Loan license by MBNA Consumer Services, Inc. They are a subsidiary of MBNA Corporation and an affiliate of MBNA America Bank. They are based in Newark, Delaware. They plan to make second mortgage closed-end and open-end loans in Indiana. They will use local attorneys and title companies to close the loans. They are presently operating in thirteen States. All references are in order. It is recommended that the license be approved. The request was approved by the Director under Delegated Authority on March 7, 1994.

- 2) Request for a Money Transmitter license by 47th & Broadway Currency Exchange, Inc. They are located in Gary, Indiana. There will not be any branch locations. They were previously licensed under the Currency Exchange Act. All requirements of the Money Transmitter Act have been met. It is recommended that the license be approved. The request was approved by the Director under Delegated Authority on March 7, 1994.
- 3) Request for a Check Cashier license by 47th & Broadway Currency Exchange, Inc. of Gary, Indiana. There will not be any branch locations. All references are in order and the applicant has met all of the requirements of the check cashing law. It is recommended that the license be approved. The request was approved by the Director under Delegated Authority on March 7, 1994.
- 4) Request for a Consumer Loan license by GNAC, Inc of Plainfield, Indiana. They plan to make direct loan to used car buyers and purchase retail contract from dealers. They will have only one location. All references are in order. It is recommended that the license be approved. The request was approved by the Director under Delegated Authority on March 7, 1994.
- 5) Request for a Check Cashier license by Hoosier Check Cashing, Inc. of Indianapolis. They will have two branch locations in Indianapolis. All references are in order and the applicant has met all of the requirements of the check cashing law. It is recommended that the license be approved. The request was approved by the Director under Delegated Authority on March 7, 1994.
- 6) Request for a Budget Service license by Credit 1 Corporation. They will be located in Lawrenceburg, Indiana. The investigation of character, fitness and financial responsibility revealed no derogatory information. The appropriate bond has been posted. It is recommended that the license be approved. The request was approved by the Director under Delegated Authority on March 7, 1994.
- 7) Request for a Pawnbroker license by Cash America Pawn of Indiana, Inc. d/b/a Cash America Pawn of Indianapolis #5. This will be the fifth pawnshop to be licensed in Indianapolis to Cash America Pawn. Cash America is the largest pawnshop operator in the world with over 226 stores in eight States and 26 stores in Great Britain. Cash America stock is traded on the NYSE. The investigation of character, fitness and financial responsibility revealed no derogatory information. No objections were offered by local law enforcement. It is recommended that the license be approved. The request was approved by the Director under Delegated Authority on March 11, 1994.
- 8) Request for two Pawnbroker licenses by Cash America Pawn of Indiana, Inc. d/b/a Cash America Pawn of Fort Wayne # 1 and # 2. The investigation of character, fitness and financial responsibility revealed no derogatory information. No objections were offered by local law enforcement. It is recommended that the license be approved. The request was approved by the Director under Delegated Authority on March 11, 1994.
- 9) Request for a Pawnbroker license by Full-0-Pep Appliances, Inc. d/b/a Pawn Pro. They will be located in Bloomington. The investigation of character, fitness and financial responsibility revealed no derogatory information. No objections were offered by local law enforcement. Full-0-Pep Appliances is currently registered with this Department under the Rent-to-Own Act. It is recommended that the license be approved. The request was approved by the Director under Delegated Authority on March 11, 1994.
- 10) Request for a Pawnbroker license by Quick Cash Pawn & Check Cashing, Inc. They will be located in Lawrenceburg, Indiana. The investigation of character, fitness and financial responsibility revealed no derogatory information. No objections were offered by local law

enforcement. The Principals of the Corporation currently operate two pawnshops in Kentucky. All references from Kentucky law enforcement were positive. It is recommended that the license be approved. The request was approved by the Director under Delegated Authority on March 11, 1994.

- 11) Request for a Check Cashier license by Quick Cash Pawn & Check Cashing, Inc. They will be located in Lawrenceburg. There will not be any branch locations. All references are in order and the applicant has met all of the requirements of the check cashing law. It is recommended that the license be approved. The request was approved by the Director under Delegated Authority on March 11, 1994.
- 12) Request for a Consumer loan license by Smith Auto Sales of Elkhart. Creditor is currently registered with the Department under a non-lender filing. They are obtaining a loan license for possible direct lending outside the scope of their dealership. It is recommended that the license be approved. The request was approved by the Director under Delegated Authority on April 7, 1994.
- 13) Request for a Consumer loan license by FSF, Inc. of Elkhart. This corporation has officers that are also part of Smith Auto Sales. They want to have a separate loan license under this entity for possible direct lending. FSF, Inc. is currently registered with us to take assignment of retail contracts under a non-lender filing. It is recommended that the license be approved. The request was approved by the Director under Delegated Authority on April 7, 1994.
- 14) Request for a Consumer loan license by National Finance Corporation of Clifford Park, New Jersey. They plan to make second mortgage loans in Indiana using local attorneys and title companies as closing agents. They are registered as a loan broker in Indiana and six other States. They have a Consumer loan license in two other States. All references are in order. It is recommended that the license be approved. The request was approved by the Director under Delegated Authority on April 7, 1994.
- 15) Request for a Consumer loan license by Allmed Financial Corporation of Indianapolis. They are a subsidiary of Anthem Financial which is a wholly owned subsidiary of Associates Insurance Companies. They plan to offer medical billing services for physician services. They were advised of the necessity for a loan license versus a non-lender filing. They do want the loan license for possible direct lending. It is recommended that the license be approved. The request was approved by the Director under Delegated Authority on April 7, 1994.
- 16) Request for a Money Transmitter license by Check Express, Inc. of Tampa, Florida. They will have two branch locations in Indiana. They were previously licensed under the Currency Exchange Act. All requirements of the Money Transmitter Act have been met. It is recommended that the license be approved. The request was approved by the Director under Delegated Authority on April 7, 1994.
- 17) Request for a Check Cashing license by Check Express, Inc. of Tampa, Florida. They will have two branch locations in Indiana. They have met all of the requirements of the check cashing law. It is recommended that the license be approved. The request was approved by the Director under Delegated Authority on April 7, 1994.
- 18) Request for a Check Cashing license by Robert Arnold d/b/a CR Services of Lafayette, Indiana. They will have four branch locations. They have met all of the requirements of the check cashing law. It is recommended that the license be approved. The request was approved by the Director under Delegated Authority on April 7, 1994.

There being no further business to come before the Members, the meeting was adjourned.

APPROVED:

ATTEST:

Mark Hasten, Chairman

J. Philip Goddard, Secretary